PSPP

Public Service Pension Plan
(Alberta)

1997 Annual Report

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PENSION AND INVESTMENT TERMS ARE DEFINED IN THE GLOSSARY.

PLAN PROFILE

- The Public Service Pension Plan (PSPP) was established in 1947 as a contributory defined benefit pension plan for employees of the Government of Alberta, its agencies, boards, commissions, and other public bodies approved by the Lieutenant Governor in Council upon the recommendation of the Board.
- The Plan is governed by a six-member Board comprised of employer and employee nominees.
- The Plan serves 63 employers, 34,941 active members, 9,273 deferred members, and 14,973 pensioners.
- The Plan is financed by active member and employer contributions and by the investment earnings of the PSPP Fund. The Government of Alberta shares the funding for service accumulated before 1992.
- PSPP Fund investments are managed by the Investment Management Division of Alberta Treasury. The Fund has a diversified investment portfolio of bonds, domestic and foreign equities, money market securities, mortgages, and real estate.
- The Plan is administered by Alberta Pensions Administration Corporation.
- Net assets available for benefits were $3.3 billion as at December 31, 1997.

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Edmonton, Alberta July 1998

PSPP Reader Survey
1997 PSPP Annual Report

As part of our three-year business plan, members of the Public Service Pension Board are committed to continually improving communications with members. This short survey is an opportunity for you to communicate back to us, with your opinions on what is important to you and what you would like to see changed in the future. Please fill in the circle of your choice.

1. Please rate the 1997 Annual Report :

	Poor	Fair	Good	Excellent
Appearance	❍	❍	❍	❍
Content	❍	❍	❍	❍
Timeliness	❍	❍	❍	❍

2. Please rate the content of each section in the report :

	Poor	Fair	Good	Excellent
Comments from the Board	❍	❍	❍	❍
Investment Report	❍	❍	❍	❍
Administration Report	❍	❍	❍	❍
Financial Statements	❍	❍	❍	❍
Glossary	❍	❍	❍	❍

3. How can we make this report better for you?

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4. Last year, the 1996 Message from the Board was published which discussed our business plan and annual report highlights:

	Yes	No
Recall receiving it	❍	❍
Read it	❍	❍
Found it valuable	❍	❍

General Feedback

5. How would you describe your level of knowledge about your pension plan?

	Poor	Fair	Good	Excellent
Knowledge Level	❍	❍	❍	❍

6. What information do you need to improve your knowledge about your pension plan?

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7. What is the best way for you to receive that information? (Please fill in all that apply)

Printed Material	❍
Internet	❍
In-person	❍
Group Presentations	❍

Optional to complete:

Name: ______________________

Organization: ______________________

Phone: ______________________

Return to: **Public Service Pension Plan**
Communications
3rd Floor, Park Plaza
10611–98 Avenue
Edmonton, Alberta T5K 2P7

or Fax to: **(403) 427-1621**

Structure

The Public Service Pension Board has six members, including three employer representatives nominated by the Government of Alberta and three employee representatives nominated by the Alberta Union of Provincial Employees. Provincial legislation requires that the offices of Board Chair and Vice-Chair alternate every two years between employer and employee nominees.

Responsibilities

The Board is responsible for:

- setting the policy guidelines for investment and management of fund assets
- setting policy guidelines for administration of the Plan
- setting contribution rates to fully fund current service
- making recommendations for amending Plan rules
- reviewing administrative decisions
- arranging an actuarial valuation at least once every three years

Mission Statement

The Board will act solely in the interests of Plan stakeholders to ensure that the Plan and its assets are managed effectively and efficiently and is operated in compliance with legislation and regulations.

In fulfilling its mission, the Board will consider the:

- overall financial health of the Plan
- future development of Plan provisions
- costs of the Plan
- stakeholders' concerns and information needs

Members of the Board–1997

Employer Nominees

Tim Wiles, Chair

Al Kalke

Don Windsor

Employee Nominees

Len Pederson, Vice-Chair

Gladys L. Breckenridge

Debbie Horbach

As at December 31, 1997

Five-Year Review of Plan Data

Plan Data	1997	1996	1995	1994	1993
Number of employers	63	50	55	46	46
Number of active members	34,941	35,398	36,546	39,779	43,490
Number of new pensions (by type of pension)					
Normal retirement	133	105	138	131	200
Early retirement	687	735	698	857	603
Disability retirement	16	12	14	14	4
Spousal retirement	36	34	36	35	37
Total membership (active members, deferred members, and pensioners)	**59,187**	**58,583**	**57,026**	**60,537**	**62,743**

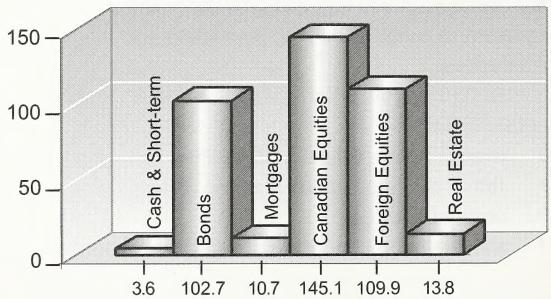
The following table summarizes the actuarial value of assets, the estimated cost of benefits, and actuarial surplus at December 31, 1997.

	($ millions)
Cash & Short-term	63.3
Bonds	1,270.5
Mortgages	140.7
Canadian Equities	1,079.6
Foreign Equities	696.8
Real Estate	80.8
Other Net Assets	9.1
Total Net Assets	3,340.8
Actuarial Asset Fluctuation Reserve	(191.0)
Actuarial Value of Net Assets	3,149.8
Estimated Value of Accrued Benefits	2,979.0
Actuarial Surplus	170.8

1997 Investment Results

($ million)

Total Gain: $385.8



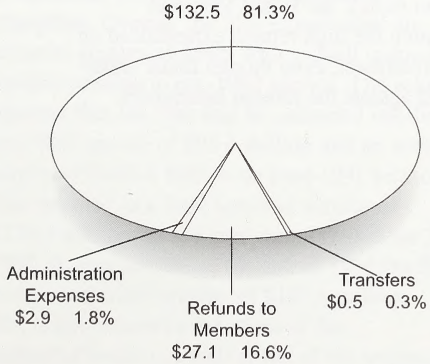
Review of Financial Data

Financial Data ($ millions)	1997	1996	1995	1994
	For years ended December 31			
Net assets	$ 3,340.8	$ 2,984.5	$ 2,579.4	$ 2,212.4
Investment income (loss)	385.8	428.1	378.5	(13.3)
Contributions – post-1991 service				
Employer	56.5	58.5	60.8	66.5
Active member	58.0	60.9	63.1	70.3
Transfers from other plans	0.4	0.5	1.1	1.3
Contributions – pre-1992 service				
Employer	3.5	3.3	3.8	3.5
Active member	3.5	3.3	3.8	3.5
Government of Alberta	11.5	10.9	12.7	11.8
Benefit payments and transfers				
Pensions	132.5	127.2	120.9	115.4
Termination benefits	27.1	29.0	29.8	32.6
Transfers to other plans	0.5	1.3	3.7	7.8
Administration expenses				
Plan administration	2.4	2.3	2.5	2.7
Investment management	0.5	0.4	0.4	0.3

1997 Payments

($ millions) Total: $163.0

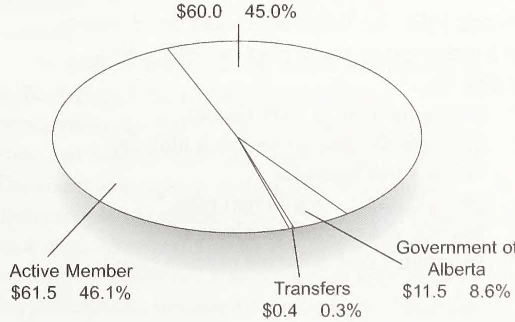
The chart below is a breakdown of Plan payments, the bulk of which were made to pensioners.



1997 Contributions

($ millions) Total: $133.4

The chart below is a breakdown of active member, employer, and government contributions. The total does not include revenue from Fund investments.



The Public Service Pension Board acts solely in the interests of pension plan stakeholders to ensure the Public Service Pension Plan (PSPP) and its assets are managed effectively and efficiently and operates in compliance with legislation and regulation.

The PSPP is a defined benefit plan, which provides members with a guaranteed, fixed pension benefit. Regardless of the investment returns of the PSPP Fund, members' pensions are guaranteed based on a formula of years of membership in the Plan and career earnings. Defined benefit plans provide three main advantages to members:

- The investment risk is shared collectively by employers and employees, not by individual members. So, regardless of the success of pension fund investments, members are guaranteed a fixed annual pension.
- A defined benefit plan makes it easy for members to predict their pension at retirement. Because the pension formula is known, members can more easily plan their personal savings options to augment pension income.
- A member's pension at retirement reflects the growth in earnings over their career, because the pension is calculated on an average of highest career earnings.

As a defined benefit plan, the PSPP is an important financial asset to members along with their personal savings and federal government benefits.

Board Governance

During 1997, the Board concluded development of a three-year business plan for 1997–1999. It aims to:

- ensure the Plan is fully funded
- optimize investment returns within the Board's risk tolerance
- provide stable contribution rates
- provide stakeholder satisfaction
- maintain a cost-effective pension plan

From these goals, the Board established four key initiatives for 1997 to help achieve its vision of ensuring the benefits promised under legislation are delivered in a timely and cost-effective manner. The Board set out to:

- participate with stakeholders in resolving pension issues relating to government restructuring
- establish communications principles
- refine the governance model
- review actuarial assumptions

All of the elements in the business plan help ensure the Board's fiduciary responsibilities are fulfilled. The Board worked to clarify its business arrangements with the Plan's investment manager, Investment Management Division (IMD) of Alberta Treasury, as well as the Plan's administrator, Alberta Pensions Administration (APA) Corporation.

Investment Policy

In order for pension plan assets to earn the best possible return at an acceptable level of risk, the Board establishes investment guidelines known as the Statement of Investment Objectives and Policies. This statement outlines asset mix, performance standards, benchmarks for measurement, and risk/return guidelines. Because this investment policy is critical to the security of plan benefits, the Board conducts an annual review to keep the policy on track. In 1997, the Board's review resulted in minor adjustments to the investment policy. Specifically, foreign content rose to 20% from 17% of the Fund. In setting the investment policy, the Board took into consideration the high returns experienced on foreign investment, even though funds under-performed against the foreign benchmark.

Fund Performance

Public Service Pension Plan assets are managed by IMD using the Board's investment policy as a guideline. In 1997, the Fund obtained a total return of 12.9%. The Fund continues to achieve performance well above the 7.5% investment return needed to adequately fund the Plan. As a result, the funded status of the Plan continues to improve.

Investment performance was, for the second year in a row, below the policy benchmark return. The under-performance is mainly attributable to less than expected performance in foreign equity in relation to its market benchmark. Plan returns should be examined over four-year periods or longer to determine if investments are achieving target income, and the Board expects IMD to achieve investment returns for the Plan that meet or exceed the policy benchmark return over this time period.

The Board will continue to closely monitor investments and challenge IMD to ensure that returns meet the Plan's long-term objectives.

A more detailed discussion of the performance of the Fund is provided in the Investment Report.

Plan Valuation

At least once every three years, the Board is required to conduct an actuarial valuation to compare the Plan's liability—the value of benefits promised to members—against the Plan's assets.

The Plan valuation, conducted by Buck Consultants, showed the Fund continues to strengthen. Overall, the Plan experienced an actuarial surplus of funds with a small unfunded liability relating to pre-1992 service. The actuary reported that the Plan had an unfunded liability on pre-1992 service of $95.6 million and an actuarial surplus of $266.4 million on post-1991 service. This resulted in a total actuarial surplus of $170.8 million for the year ended December 31, 1997. In comparison, at the end of 1996 the Plan had an unfunded liability of $141.6 million. The improvement in the status of the unfunded liability is well ahead of the original plan to eliminate the unfunded liability by December 31, 2036. This is a strong indication of the financial health of the PSPP, which in turn affects the level of contribution required to fund pension benefits.

Based on 1997 results, the Plan is building towards its actuarial surplus goal of two times current service costs. This level of actuarial surplus will serve as a contingency reserve to help stabilize contribution rates in the event of unexpected negative plan experience or fund performance.

Plan valuations give the Board a status report on the Plan's financial health. They provide valuable information, which facilitates discussions with the Provincial Treasurer with respect to future contribution rates by members and employers.

The financial health of the Plan will continue to be a lead agenda item for the Board as it works with the Provincial Treasurer to determine the exact nature of fully funded status for the Plan.

Member Services

Throughout 1997, the Board continued to deal with problems faced by members who were required by statute to transfer within the Alberta Public Sector Pension Plans as a result of government restructuring.

Current provisions for transferring service from one pension plan to another may create transfer shortfalls, which the member must make up or, alternatively, have his or her service credit reduced. Recommendations were made to the Provincial Treasurer with follow-up discussions scheduled after final valuation results are received.

To address the issue, the Board participated in an Inter-Board Joint Working Committee, representing the PSPP, Local Authorities Pension Plan, and Management Employees Pension Plan. The committee agreed in principle that transfers from one plan to another should be cost-neutral to each plan. Members also agreed that affected employees should not lose service or have to pay any deficiencies because of the transfer. While the committee considers options to address the problem of transferring between pension plans,

grandfathering of PSPP members was extended to December 31, 1998. This ensures employees can remain in their current plans until the details of a solution are worked out.

The Board kept stakeholders apprised of developments through a bulletin for employers and a poster for employees to ensure they were aware of the time extension.

Communications

One of the Board's major communications initiatives during the year included publishing an overview of the 1997–1999 Business Plan as well as 1996 Annual Report highlights.

Stakeholder communication continues to be a priority for the Board. The Board participated in an APA communications needs assessment to help assess the information needs of members and employers. Work will continue through 1998 to continually improve communication products and services.

Board Membership

During 1997, the Board regretfully accepted the resignation of employer representative Don Windsor and welcomed new Board member Jim Campbell. As well, Ian Tarr, employee representative, and Virendra Gupta, employer representative, joined the Board to replace Gladys Breckenridge and Al Kalke. Re-appointed to the Board were Tim Wiles, Len Pederson, and Debbie Horbach.

In conclusion, the Board would like to thank members and employers for their support during 1997. The Board also acknowledges the continued assistance of the Provincial Treasurer, the staff of IMD, and the staff of APA.

On behalf of the Board,

Tim Wiles

Tim Wiles
Chair
Public Service Pension Board

Fund Management

Investment assets of the Public Service Pension Plan (PSPP) Fund are valued at $3.33 billion as of December 31, 1997. They are invested solely for the benefit of the Plan's beneficiaries and are subject to the investment policies of the Public Service Pension Board. As the following chart shows, the value of the Fund has grown strongly from its value of $2.18 billion in 1994.

PSPP Market Value

The day-to-day management of PSPP funds is delegated to the Investment Management Division (IMD) of Alberta Treasury. In addition to pension assets, IMD also manages endowment and other funds assigned to Alberta Treasury. In total, IMD has approximately $30 billion under management.

To meet wide-ranging investment objectives, risk tolerance, and funding requirements of the different funds under its management, IMD has adopted a multi-product approach. Products are defined by their investment characteristics, including expected return and risk. These products can be combined in different ways to meet the Fund's investment objective within the framework of the Board's investment policy. Some assets are managed directly by IMD staff, while other products are managed through external advisors in order to take advantage of their specialized knowledge and expertise.

In 1997, IMD introduced a number of index-based strategies. Based on the success of the strategies, IMD eliminated the internally managed U.S. equity pool and replaced it with an index fund that will reduce the volatility of the Fund relative to the market benchmark. The Fund takes advantage of IMD's size and credit rating in implementing index-based strategies on a cost-effective basis.

Investment Policies and Constraints

IMD invests pension fund assets according to the Statement of Investment Objectives and Policies established by the Board. The statement includes the Board's asset mix policy, holding limits for each type of security, the Fund's investment objectives, as well as benchmarks and performance measures.

A key decision is the asset mix policy. Investing in different assets such as bonds or equities presents different risks and potential returns. Generally, assets with the lowest return also have the lowest risk or volatility over the long term. Having a low-risk portfolio could be costly in the long run, as the Fund would not benefit from higher long-run rates of return associated with more volatile annual returns. Maintaining a well-diversified portfolio is a way of capturing those higher long-run rates of return while managing a fund's risk.

The Board amended the asset mix policy in 1997, increasing the foreign equity exposure to 20% from 17% and reducing the domestic equity exposure from 35% to 32%. The overall equity exposure (domestic, foreign, and real estate) was left unchanged at 55%.

Asset Mix (% of the Fund)
as at December 31, 1997

	Policy Range Min. Max.	Policy Asset Mix	1997 Actual Asset Mix	1996 Actual Asset Mix
Fixed Income				
Cash & Short-term	0-20	3.0	1.9	3.8
Long-term	30-50	42.0	42.4	38.6
Total	**40-50**	**45.0**	**44.3**	**42.4**
Equity				
Canadian Equity	25-50	32.0	32.4	32.4
Foreign Equity	15-24	20.0	20.9	23.2
Real Estate	0-6	3.0	2.4	2.0
Total	**50-60**	**55.0**	**55.7**	**57.6**

The Fund's actual asset mix varied within the ranges established by the Board. This reflects IMD's efforts to add value by adjusting the relative weighting of each asset class in response to changes in market conditions. Over most of 1997, IMD was cautiously optimistic on equity markets and maintained a heavier weighting in equities. As the Fund entered the fourth quarter, bonds began to demonstrate better relative value, so to add value on a short-term basis, the relative weighting for bonds was increased.

Investment Performance

Measuring Performance

The Board reviews quarterly reports on investment performance and its investment policy at least annually.

A key benchmark is the policy benchmark return. The policy benchmark return is calculated by multiplying the policy weightings of the major asset categories by the return achieved by each asset class market index. This provides a return that would have been attained if the investment policy had been passively implemented. The investment manager can then add value relative to this benchmark by actively changing the asset mix or by selecting securities within the asset class. Fifty basis points (a basis point is 1/100 of an interest rate percentage point) are added to the policy benchmark return as a target for IMD to achieve.

In addition, the individual asset classes in the Fund are measured against established market benchmarks. For example, the return on fixed-income assets is measured against the ScotiaMcLeod Bond Universe Index and the return on Canadian equity investments is measured against the TSE 300 Index. Comparisons are made on both an annual and cumulative (four- and eight-year) basis to evaluate the Fund's short- and long-term performance.

1997 Performance

The Fund earned a 12.9% return on investments in 1997, reflecting another relatively strong year in capital markets. Fund performance continues to be well above the 7.5% funding requirement of the Plan. As a result, investment experience continues to improve the funded status of the Plan.

Asset Class Performance

Relative to Benchmarks

	1997 %	1996 %	1995 %	1994 %
Short-term	3.6	5.7	7.2	4.8
ScotiaMcLeod 91-day T-Bill Index	3.2	5.0	7.4	5.4
Fixed Income	9.3	12.2	20.3	-2.9
ScotiaMcLeod Bond Universe Index	9.6	12.3	20.7	-4.3
Canadian Equity	15.4	29.5	14.3	2.1
TSE 300 Index	15.0	28.4	14.5	-0.2
Foreign Equity	15.8	13.0	16.7	2.8
Morgan Stanley World Index	20.9	14.0	17.4	11.3
Real Estate	20.8	6.4	7.8	2.9
Frank Russell Commercial Property Index	18.9	7.0	5.0	1.9
Total Fund	**12.9**	**16.6**	**17.2**	**0.1**
Policy Benchmark Return*	14.4	18.3	–	–
Consumer Price Index (CPI)	1.6	1.6	2.1	0.2

Compound Annualized Return

Ending December 31, 1997

	1 YR %	2 YR %	3 YR %	4 YR %	8 YR %
Short-term	3.6	4.6	5.5	5.4	7.6
ScotiaMcLeod 91-day T-Bill Index	3.2	4.1	5.2	5.2	7.1
Fixed Income	9.3	10.7	13.8	9.4	11.5
ScotiaMcLeod Bond Universe Index	9.6	10.9	14.1	9.2	11.7
Canadian Equity	15.4	22.3	19.6	14.9	9.6
TSE 300 Index	15.0	21.5	19.1	14.0	9.7
Foreign Equity	15.8	14.4	15.2	11.9	13.6
Morgan Stanley World Index	20.9	17.4	17.4	15.9	11.8
Real Estate	20.8	13.3	11.5	9.3	3.1
Frank Russell Commercial Property Index	18.9	12.8	10.2	8.0	2.9
Total Fund	**12.9**	**14.7**	**15.6**	**11.5**	**11.5**
Policy Benchmark Return*	14.4	16.3	–	–	–
Consumer Price Index (CPI)	1.6	1.6	1.8	1.4	2.4

**Includes a 50 basis point value added target.*
All rates of return in this report are time-weighted.

The investment performance, however, was below the policy benchmark return of 14.4%. This policy was implemented at the end of 1995. On a two-year basis, the Fund's return was 14.7% versus a return of 16.3% for the benchmark.

The major source of under-performance in 1997 was the foreign equity component. Although the asset class generated returns greater than those achieved in bonds or Canadian equities, foreign equities did not do as well as the market benchmark index. Approximately two thirds of the under-performance can be attributed to the U.S. equity portfolio and one third can be attributed to the external managers. In terms of the internal U.S. equity portfolio, the focus has been on growth and smaller capitalized companies. The returns generated by this strategy have been both volatile relative to the market benchmark and have substantially under-performed the Standard & Poor's 500 (S&P 500) Index for the year. This portfolio will be eliminated and an S&P 500 Index fund will be introduced early in 1998. In terms of IMD's external managers, there were two main sources of under-performance. Firstly, global managers under-weighted the U.S. market relative to the Morgan Stanley World Index, and secondly, the European managers under-performed relative to their index.

Given the relative valuation of the U.S. market and the prospect for slower U.S. growth, IMD believes that the decision to under-weight the U.S. will be correct over the long run. In terms of our European managers, IMD is restructuring the mandate of one manager and IMD will be monitoring managers' performances very closely in 1998.

1997 Investment Strategy

Through most of 1997, IMD maintained a heavier weighting in equities than in bonds, as well as an overweight position in foreign equities relative to the policy asset mix in place at the beginning of the year. This strategy is based on a longer-term view that equities will, on balance, do better than bonds over a 5- to 10-year period. At the end of 1997, IMD felt equity markets were over-valued on a temporary basis and bonds actually presented a better relative value. On that basis, IMD modestly trimmed the weighting in equities but still maintains a relatively heavier equity weighting than bonds.

Individual Asset Class Performance

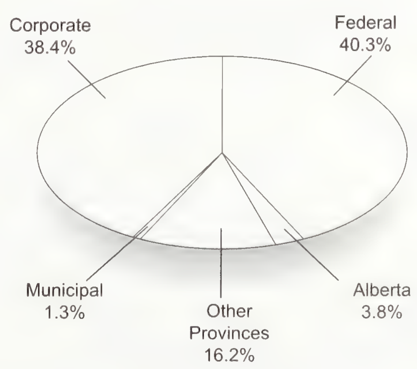
Short-term Investments

Short-term interest rates rose slightly over the year with the yield on 91-day T-bills rising from 2.8% to 4.0%. The return over the course of the year, as measured by the ScotiaMcLeod 91-day T-Bill Index, was 3.2%, while the Fund's short-term fixed-income investments generated a return of 3.6%.

Long-term Fixed Income

IMD invests across a wide range of fixed-income products, including publicly traded bonds, mortgages, privately issued debt, and real return bonds. The largest component is the publicly traded bonds. As indicated in the chart below, the holdings are broadly diversified by issuers.

Summary of Bond Holdings



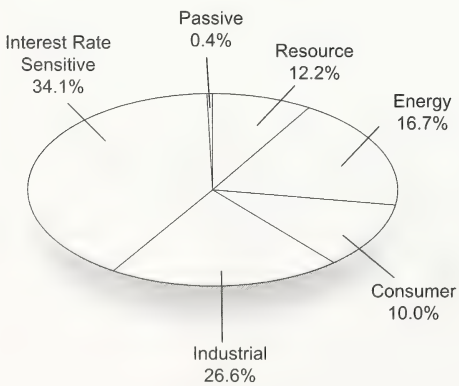
Long-term interest rates declined through the year with the yield on 10-year government bonds declining from 6.4% at the end of 1996 to 5.6% at the end of 1997.

The total return for the Fund's long-term fixed-income component was 9.3%, just below the benchmark ScotiaMcLeod Bond Universe Index return of 9.6%. The publicly traded component's return was 9.5% for the year; the mortgage portion returned 8.6%; private debt returned 10.8%, and real return bonds returned 4.6%. The bulk of the difference in performance between the total fixed-income component and the market benchmark index is attributable to the real return bonds, which are not included in the benchmark.

Canadian Equity Component

The Canadian equity market returned 15% in 1997 as measured by the TSE 300 Index. The Fund's combined Canadian equity component returned 15.4% in the same period. The strong relative performance was attributable to returns of 17.8% and 23.0% in the Structured Equity Pool and the Canadian Small Cap Pool respectively, which offset the 14.3% return in the Canadian Pooled Equities Fund. Canadian equity holdings are diversified across all sectors of the economy.

Industry Breakdown of Canadian Equity

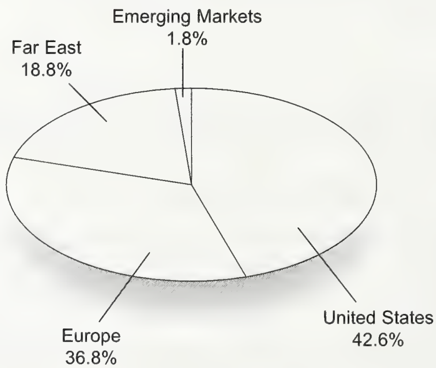


Includes holdings in the Canadian Pooled Equities Fund and of the Canadian External Managers Fund (Small Cap).

Foreign Equity Component

As indicated earlier, the foreign equity component was the most significant area of under-performance. The Morgan Stanley World Index returned 20.9% for the year, while the Fund's foreign equity component returned 15.8%. The U.S. regional component under-performed the S&P 500 Index: the Index was up 39% in Canadian dollars versus 28.6% for the Fund. As indicated earlier, most of the under-performance was attributable to the internally managed U.S. portfolio, which focused on small-cap and growth situations. Global and European managers also under-performed their respective benchmarks. The positive for the component was the Global Structured Equity Pool, which returned 23.2%, out-performing the Morgan Stanley World Index by 2.3%. In total, 42.6% of foreign equities are in the U.S., 36.8% are in Europe, 18.8% are in the Far East, and 1.8% are in emerging markets.

Distribution of Foreign Equity



Top 10 Holdings in the Canadian Equity Pool

Company	Market Value ($ millions)	% of IMD Pool Holding
BCE Inc.	210.3	5.8
Royal Bank of Canada	172.6	4.7
CIBC	144.1	3.9
Toronto Dominion Bank	128.9	3.5
Bank of Montreal	125.7	3.4
Northern Telecom	113.3	3.1
Potash Corp. of Sask.	92.8	2.5
Seagram Co. Ltd.	78.2	2.1
Talisman Energy	76.6	2.1
Bank of Nova Scotia	73.9	2.0

Top 10 Holdings in the U.S. Equity Pool

Company	Market Value ($ millions)	% of IMD Pool Holding
General Electric	40.1	3.6
IBM	37.4	3.4
ThermoLase	33.1	3.0
Globalstar Telecommunications	30.0	2.7
Gtech Holdings Corp.	29.9	2.7
Microsoft Corp.	29.2	2.6
Gartner Group	28.8	2.6
American Express Company	28.7	2.6
Pittway Corp.	24.9	2.2
Cendant Corp.	24.4	2.2

Top 10 Holdings in the Non-North American Equity Pool

Company	Market Value ($ millions)	% of IMD Pool Holding
Schlumberger Ltd.	52.9	2.8
Novartis AG	21.0	1.1
Nestle SA	20.2	1.1
Glaxo Wellcome	16.1	0.8
Total	15.0	0.8
Nippon Tel & Tel	14.3	0.8
Roche Holdings AG	13.4	0.7
Akzo Nobel	11.5	0.6
ING Groep	11.2	0.6
British Telecom	11.1	0.6

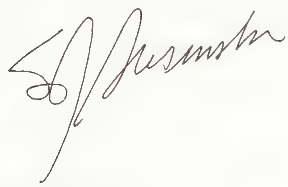
Real Estate

The real estate sector recovered strongly in 1997. The Frank Russell Commercial Property Index returned 18.9% for the year, while the Fund's real estate return was 20.8%. The strong relative performance was attributable to the Fund's heavier concentration in commercial office and industrial properties relative to the Frank Russell Commercial Property Index.

Challenges for 1998

A key issue for 1998 is to respond to the under-performance in the foreign equity component. Early in 1998, IMD closed down the internally managed U.S. portfolio and introduced an S&P 500 Index product. Mandates within the European component will be reviewed and restructured where necessary.

IMD will continue to focus its internal investment activities on core fund strategies, where it has a clearly demonstrated advantage in terms of providing index returns at relatively low cost. The division will continue to evaluate management strategies. Where there is the potential to add value, as was the case with Canadian small cap, it will use the services of external managers.



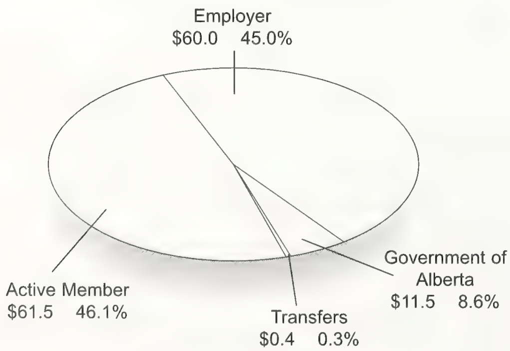
S.J. Susinski
Chief Investment Officer
Investment Management Division
Alberta Treasury

Alberta Pensions Administration (APA) Corporation administers the Public Service Pension Plan (PSPP). APA collects contributions, keeps accurate and secure records, pays benefits to pensioners and members who are leaving the Plan, and provides plan information to members and employers.

As one of the largest public sector plan administrators in Canada, APA also administers seven other statutory pension plans for four other pension boards and the Government of Alberta. It is a provincial corporation guided by a board of directors, which includes representatives from the private sector, pension boards, and the Government of Alberta. APA serves approximately 500 employers, 118,000 active members, 21,000 deferred members, and 46,000 pensioners.

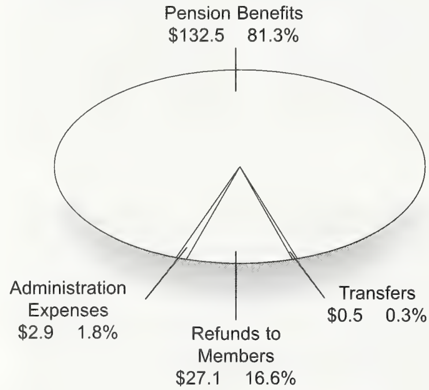
Pension Contributions

Contributions made to the Plan in 1997 totalled $133.4 million. This was comprised of $61.5 million from members, $60.0 million from employers, $11.5 million from the Government of Alberta, and $0.4 million from the transfer of funds from other plans. The following chart shows the proportionate contributions made to the Plan. This total does not include revenue from fund investment.



Pension Payments

Payments from the Plan in 1997 totalled $163 million. The breakdown of payments is as follows: pension benefits $132.5 million; refunds to members $27.1 million; transfers $0.5 million; and administration expenses $2.9 million. The following chart shows the proportionate distribution of payments from the Plan.



PSPP Administration Costs

In 1997, general administration costs, board costs, investment management costs, actuarial fees, and other professional fees totalled $2,905,000 or $49 per member. In addition, capital advances amounted to $1 per member.

PSPP Statistical Information

The following tables provide statistical information on plan participation and retirement levels for 1997. Statistics for 1996 are shown for comparison.

Participation

	1997	1996
Active Members	34,941	35,398
Deferred Members	9,273	8,643
Pensioners	14,973	14,542
Total	**59,187**	**58,583**

New Pensioners

	1997	1996
Retirements	133	105
Early Retirements	687	735
Disability Retirements	16	12
Death Benefits to Spouses	36	34
Total	**872**	**886**

New Pensioner Retirement Choices

as at December 31

	1997	1996
Normal	54	68
Single Life	102	73
Joint Life	537	573
Guaranteed Terms	179	172
Total	**872**	**886**

Contribution Rates

Contribution rates are divided equally between employers and members

	1997 %	1996 %
Current Service (post-1991)		
Employer and Member		
Up to YMPE	9.35	9.35
Above YMPE	13.10	13.10
Unfunded Liability (pre-1992)		
Employer and Member	0.60	0.60
Government of Alberta	1.00	1.00
Total		
Up to YMPE	**10.95**	**10.95**
Above YMPE	**14.70**	**14.70**

Monthly Payment Distributions

as at December 31, 1997

Dollar Value ($) Per Month	Member Pensions	Spouse's Pensions	Total
1 to 999	10,330	867	10,197
1,000 to 1,999	2,979	134	3,113
2,000 to 2,999	591	5	596
3,000 to 3,999	51	1	52
4,000 and over	14	1	15
Total	13,965	1,008	14,973

Business Process Re-engineering Project

During 1997, APA moved ahead with its multi-year BPR project. It reviewed information previously collected on existing business practices and gathered feedback from customers about existing service levels as well as future needs. APA also investigated industry best practices and performance standards and analyzed costs and benefits of the project.

In December, APA's Corporate Board gave its approval to proceed with the next phase of BPR. This next phase will work towards consolidating computer operations onto a single computer platform, acquiring new pension application software, and incorporating workflow processes and document-imaging activities in future business processes. In 1998, APA will implement a plan to accomplish these objectives.

Communications

In order to provide cost-effective, accurate, and timely information to all stakeholders, APA conducted a communications needs assessment in 1997 and created a three-year corporate communications strategy. Implementation has begun on the four main goals of the strategy:

- to define the communications roles and responsibilities of each pension partner, ensuring communications projects are planned and executed accordingly
- to continue to improve existing communications services
- to work with partners to introduce a pensions awareness campaign
- to enhance APA's own employee and organizational communications

Customer Services

While planning for future improvements to its products and services, APA continued to deliver effective, efficient pension administration services throughout 1997. Highlights were: prompt distribution of member annual statements due to timely employer reporting and more one-on-one pension member counselling sessions in addition to employer workshops and member information seminars.

Performance Measurements

Each year, APA participates in a nation-wide survey of public sector pension administrators known as the Quantitative Service Measurement (QSM) Survey. The survey is administered by Corden Consultants and compares APA's costs and service delivery times against that of other large pension administrators.

1997 results continue to show that APA is one of the most cost-effective pension plan administrators of its size, and service response times compare favourably with other QSM participants.

APA reviews its performance by measuring achievements against pre-determined standards for major activities. Over the course of the year, APA has met its performance standards more than 90% of the time for most activities. Activities that are not being performed to the standards established by the organization are reviewed and enhancements put in place to meet objectives.

Challenges for 1998

To continue improving pension administration products and services, APA set three core objectives for 1998:

1. APA will continue the implementation of BPR, including selecting a software package, redesigning of business processes, beginning the integration of the package with other systems, and training employees.
2. APA will continue implementation of a communications strategy, including developing new initiatives, investigating new vehicles such as the Internet, and preparing detailed project communication strategies.
3. APA will continue corporate repositioning, including establishing a wider range of services for customers and providing staff training and feedback.

George Buse
Chief Operating Officer
Alberta Pensions Administration Corporation

UNCERTAINTY DUE TO YEAR 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. Computer programs that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some operations.

Alberta Pensions Administration (APA) and Investment Management Division (IMD) of Alberta Treasury are currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by their respective computerized information systems in a timely manner. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems are not expected to have a material adverse effect on the Plan's financial position. Despite efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 issue affecting APA and IMD, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

S.J. Susinski
Chief Investment Officer
Investment Management Division
Alberta Treasury

George Buse
Chief Operating Officer
Alberta Pensions Administration Corporation

Buck Consultants Limited was retained by the Public Service Pension Board to perform an actuarial valuation of the Public Service Pension Plan as at December 31, 1997. The purpose of the valuation was to provide the Board with information necessary for reporting pension obligations in the financial statements of the Government of Alberta and participating employers. The results of the valuation at December 31, 1997 are summarized in the following table:

	Pre-1992	Post-1991 ($millions)	Total
Actuarial Value of Assets*	$ 2,152	$ 1,004	$ 3,156
Accrued Actuarial Liabilities*	2,248	737	2,985
Surplus/(Unfunded Liability)	$ (96)	$ 267	$ 171

* The actuarial value of assets and liabilities includes an estimate of $6 million, which represents the present value of future employee prior service contributions.

We conducted our valuation using membership data and financial information for the plan provided to us by Alberta Pensions Administration Corporation. We performed a series of tests on the data, which included reconciling to the data used for the plan's previous valuation, to confirm the data were reasonable and to ensure the validity of the valuation results.

The plan's accrued pension obligations were computed using the projected unit credit actuarial cost method. The actuarial value of assets was calculated as the market value of assets with adjustments for employee past service purchase amounts owing and an asset fluctuation reserve.

The asset fluctuation reserve is intended to dampen the volatility of asset market values due to fluctuations in rates of return.

Assumptions adopted by the Board as their best estimate assumptions, outlined in the table below, have been used in the valuation. In our opinion these assumptions are reasonable individually and in aggregate for the purpose of the valuation. Nevertheless, emerging experience

Description	As at December 31, 1997
Investment Return	7.5%
Price Inflation	
1998	1.5%
1999	2.0%
2000	2.5%
2001	3.0%
2002	3.5%
thereafter	3.5%
Salary Escalation	4.0% plus age-based merit and promotion increases
YMPE Escalation	Price Inflation plus 0.5%
Increase in Pensionable Earnings Limit	4.0% with first increase in 2005
Merit and Promotion Increases (sample rates)	
Age 20	3.36%
Age 30	2.56%
Age 40	1.06%
Age 50	0.0%

Description	As at December 31, 1997	
Retirement Rates		
Age 55	9.63%	
Age 56	3.98%	
Age 57	4.49%	
Age 58	5.28%	
Age 59	5.65%	
Age 60	10.34%	
Age 61	8.59%	
Age 62	7.89%	
Age 63	9.49%	
Age 64	8.91%	
Age 65	100%	
Mortality Rates	1994 Uninsured Pensioner mortality table projected 10 years with Scale AA ("UP94@2004")	
Termination Rates (sample rates applying after 5 years of service)	**Male**	**Female**
Age 20	5.88%	11.88%
Age 30	4.80%	9.96%
Age 40	2.64%	5.16%
Age 50	1.68%	3.96%
Proportion of Terminations Electing Deferred Pensions vs Contribution Refund	50%	
Disability Incidence	None	
Proportion with Spouse at Retirement or Pre-retirement Death	90%	
Spouse Age	Males 3 years older	
Cost-of-Living Increases	60% of price inflation	
Expenses	0.25% of covered payroll	
Actuarial Cost Method	Projected Unit Credit Cost Method	
Growth in Employee Population (in calculating present value of additional contributions)	0.0%	

***Note**: A copy of the valuation report can be obtained by contacting the pension board at the address identified on page 45.*

Details of the results of our valuation and a more detailed description of the data, methods and assumptions on which our valuation was based are provided in our report dated April 15, 1998.

In our opinion:

- the data upon which this valuation is based are sufficient and reliable;
- the assumptions are, in aggregate, reasonable for the purpose of the valuation; and
- the methods employed conform to the requirements of the Canadian Institute of Chartered Accountants Public Sector Accounting Recommendations regarding the financial reporting of Employee Pension Obligations (CICA PS3250).

The valuation has been conducted and the opinions contained herein are given in accordance with accepted actuarial practice.

Respectfully submitted,

John Sanges, F.S.A., F.C.I.A.

Tony C.L. Williams, F.S.A., F.C.I.A

To the Public Service Pension Board

I have audited the statement of net assets available for benefits and accrued benefits of the Public Service Pension Plan as at December 31, 1997 and the statement of changes in net assets available for benefits for the year ended and the statements of changes in accrued benefits and changes in actuarial surplus for the two years then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
May 11, 1998

Statement of Net Assets Available for Benefits and Accrued Benefits

As at December 31, 1997
($ thousands)

	1997	1996
Net assets available for benefits		
Assets		
Investments (Note 3)	$ 3,331,693	$ 2,973,435
Accounts receivable (Note 6)	10,244	12,039
	3,341,937	2,985,474
Liabilities		
Accounts payable	1,128	925
Net assets available for benefits	3,340,809	2,984,549
Actuarial asset fluctuation reserve (Note 7)	(191,000)	(231,000)
Actuarial value of net assets available for benefits	3,149,809	2,753,549
Accrued benefits		
Accrued benefits (Note 8)	2,979,000	2,895,200
Actuarial surplus (deficiency) (Note 8)	**$ 170,809**	**$ (141,651)**

See accompanying notes and schedules.

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 1997
($ thousands)

	1997	1996
Increase in assets		
Investment income (Note 9)	$ 385,820	$ 428,075
Contributions		
Current and past service:		
Employers	56,491	58,504
Employees	58,042	60,850
Pre-1992 unfunded liability		
Employers	3,461	3,280
Employees	3,461	3,280
Province of Alberta	11,538	10,934
Transfers from other plans	434	516
	133,427	137,364
Total increase in assets	519,247	565,439
Decrease in assets		
Pension benefits	132,491	127,244
Refunds to members	27,111	29,033
Transfers to other plans	480	1,328
Administration expenses (Note 10)	2,905	2,664
Total decrease in assets	162,987	160,269
Change in net assets for the year	356,260	405,170
Net assets available for benefits at beginning of year	2,984,549	2,579,379
Net assets available for benefits at end of year	**$ 3,340,809**	**$ 2,984,549**

See accompanying notes and schedules.

Statement of Changes in Accrued Benefits

For periods ended December 31, 1997
($ thousands)

	Two years ended December 31, 1997			Two years ended December 31, 1995
	Pre-1992	Post-1991	Total	Total
Increase in accrued benefits				
Interest accrued on benefits	$ 325,000	$ 112,000	$ 437,000	$ 483,000
Benefits earned	-	221,000	221,000	260,900
Increase in accrued benefits	325,000	333,000	658,000	743,900
Decrease in accrued benefits				
Benefits paid	271,000	47,000	318,000	308,000
Experience gains (losses)	(10,600)	22,100	11,500	280,100
Changes in actuarial assumptions	42,000	39,000	81,000	(7,700)
Decrease in accrued benefits	302,400	108,100	410,500	580,400
Net increase in accrued benefits	22,600	224,900	247,500	163,500
Accrued benefits, beginning of period	2,220,000	511,500	2,731,500	2,568,000
Accrued benefits, end of period (Note 8)	**$ 2,242,600**	**$ 736,400**	**$ 2,979,000**	**$ 2,731,500**

See accompanying notes and schedules.

Statement of Changes in Actuarial Surplus

For periods ended December 31, 1997
($ thousands)

	Two years ended December 31, 1997			Two years ended December 31, 1995
	Pre-1992	Post-1991	Total	Total
Actuarial surplus (deficiency), beginning of period	$(340,025)	$ 108,904	$(231,121)	$ (521,015)
Net increase in net assets available for benefits	349,225	412,205	761,430	352,378
Net decrease (increase) in actuarial asset fluctuation reserve	(82,200)	(29,800)	(112,000)	101,016
Net increase in accrued benefits	(22,600)	(224,900)	(247,500)	(163,500)
Actuarial surplus (deficiency), end of period	**$ (95,600)**	**$ 266,409**	**$ 170,809**	**$ (231,121)**

See accompanying notes and schedules

December 31, 1997

Note 1
Summary Description of the Plan

The following description of the Public Service Pension Plan is a summary only. For a complete description of the Plan, reference should be made to the *Public Sector Pension Plans Act*, Chapter P-30.7, Statutes of Alberta 1993 and Alberta Regulation 368/93.

(a) General

The Public Service Pension Plan is a contributory defined benefit pension plan for eligible employees of the Province of Alberta, approved provincial agencies and public bodies, including universities and local boards of health units established under the *Public Health Act* and the Special Areas Board.

(b) Funding

Current service costs are funded equally by employers and employees at rates which are expected to provide for all benefits payable under the Plan. The rates in effect are 4.675% of pensionable salary up to the Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) and 6.55% for the excess. The rates are to be reviewed at least once every three years by the Board based on recommendations of the Plan's actuary.

The unfunded liability for service prior to January 1, 1992 as determined by actuarial valuation is being financed by additional contributions in the ratio of 62.5% by the Province of Alberta and 18.75% each by employers and employees. The rates are set on the basis that the additional contributions will eliminate the unfunded liability on or before December 31, 2036. The rates in effect, based on pensionable salary, are 1.0% for the Province of Alberta and 0.30% each for employers and employees.

(c) Retirement Benefits

The Plan provides for a pension of 1.4% of the highest five consecutive years' average salary up to the YMPE and 2.0% of the excess for each year of pensionable service. The maximum pensionable service allowable under the Plan is 35 years. Pensions are payable to members who retire with at least five years of service and either have attained age 65 or have attained age 55 and the sum of their age and years of service equals 85. Reduced pensions are payable to members age 55 retiring early with a minimum of five years of service.

(d) Disability Benefits

Pensions are payable to members who become totally disabled and retire early with at least five years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least five years of service.

Note 1
Summary Description of the Plan (continued)

(e) Death Benefits

Death benefits are payable on the death of a member. If the member has at least five years of service, a surviving spouse may choose to receive a survivor pension. For a beneficiary other than a spouse or where service is less than five years, a lump sum payment must be chosen.

(f) Termination Benefits

Members who terminate with at least five years of service and are not immediately entitled to a pension may receive a refund of their contributions and interest on service prior to 1992 and commuted value for service after 1991, subject to lock-in provisions. Alternatively, they may elect to receive a deferred pension. Members who terminate with less than five years of service receive a refund of their contributions and interest.

(g) Prior Service and Transfers

All prior service purchases are to be made on a basis that is cost-neutral to the Plan.

All reciprocal agreements provide that transferred-in service be on an actuarial reserve basis and transfers-out receive the greater of the termination benefits or commuted value for all service.

(h) Cost-of-Living Adjustments

Pensions payable are increased each year by an amount equal to at least 60% of the increase in the Alberta Consumer Price Index.

(i) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes. The Plan's registration number is 0208769.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year. They do not reflect the funding requirements of the Plan or the benefit security of individual participants.

The majority of Plan investments are held in pooled investment funds established and administered by the Provincial Treasurer. Pooled investment funds have a market-based unit value that is used to allocate income to participants and to value purchases and sales of pool units.

The Plan's respective percentage ownership in pooled investment funds at December 31 was as follows:

	% Ownership	
	1997	1996
Canadian Dollar Public Debt Pool	16.3	17.3
Canadian Pooled Equities Fund	13.0	11.8
Domestic Passive Equity Pooled Fund	94.6	100.0
Domestic Structured Equity Pooled Fund	-	100.0
External Managers Fund	18.3	21.5
Global Structured Equity Pooled Fund	22.1	28.3
Private Debt Pool	16.8	20.3
Private Mortgage Pool	17.9	19.2
Private Real Estate Pool	17.8	19.1
United States Pooled Equities Fund	18.1	22.8

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine the fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs.

Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

(c) Actuarial Value of Net Assets Available for Benefits

To reduce the potential volatility in the Plan's funded status due to the effects of market fluctuations on investments, asset values are projected to increase at the rate of return assumed in the actuarial valuation. The actuarial value of assets is determined by averaging actual and projected asset values over three years.

(d) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

(e) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At the year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

(f) Derivative Financial Instruments

Income and expense on index swaps and interest rate swaps are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

Note 3
Investments (Schedules A to D)

Investments are summarized as follows:

	1997 ($ thousands)	%	1996 ($ thousands)	%
Deposit in the Consolidated Cash Investment Trust Fund (a)	$ 63,287	1.9	$ 96,242	3.3
Fixed Income Securities				
Short-term securities	-	-	15,672	0.5
Canadian Dollar Public Debt Pool (Schedule A)	1,143,690	34.3	974,017	32.8
Private Debt Pool (b)	72,010	2.2	33,554	1.1
Private Mortgage Pool (c)	140,688	4.2	90,467	3.0
Real Rate of Return Bonds (d)	54,844	1.7	50,715	1.7
Total deposits and fixed income securities	1,474,519	44.3	1,260,667	42.4
Canadian Equities				
Canadian Pooled Equities Fund (Schedule B)	476,257	14.3	389,578	13.1
Domestic Passive Equity Pooled Fund (Schedule C)	446,648	13.4	389,460	13.1
Domestic Structured Equity Pooled Fund	-	-	52,113	1.7
External Managers Fund (Small Cap) (Schedule D)	82,717	2.5	67,445	2.3
Public, direct	-	-	2,196	0.1
Structured Note (e)	73,947	2.2	62,790	2.1
	1,079,569	32.4	963,582	32.4
Foreign Equities				
External Managers Fund (Global) (Schedule D)	323,772	9.7	310,712	10.4
Global Structured Equity Pooled Fund (f)	184,012	5.5	150,946	5.1
United States Pooled Equities Fund (g)	117,666	3.5	162,641	5.5
External Managers Fund (United States) (Schedule D)	71,332	2.2	64,865	2.2
	696,782	20.9	689,164	23.2
Equities in Real Estate				
Private Real Estate Pool (h)	80,823	2.4	60,022	2.0
Total equities	1,857,174	55.7	1,712,768	57.6
Total Investments	**$ 3,331,693**	**100.0**	**$ 2,973,435**	**100.0**

Note 3
Investments (Schedules A to D) (continued)

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

(b) The Private Debt Pool is managed with the objective of providing investment returns higher than attainable from the publicly traded bond market over the long term. The portfolio is comprised of First Mortgage Bonds of a single company (66%) and other high quality Canadian private placement fixed income securities (34%). Risk is reduced by limiting investments in instruments with a credit rating of A or higher. As at December 31, 1997, securities held by the Pool have an average effective yield of 6.80% per annum based on market (1996: 7.06% per annum). Approximately 99% of the securities held will mature between one and ten years (1996: 96%).

(c) The Private Mortgage Pool is managed with the objective of providing investment returns higher than attainable from the publicly traded bond market over the long term. The portfolio is comprised primarily of high quality commercial mortgage loans. Risk is reduced by limiting investments to loans insured by a federal agency and first mortgage loans that provide diversification by property usage. The pool does not invest in mortgages on single family houses, hotels, motels, trailer parks or recreational properties. As at December 31, 1997, mortgages held by the pool have an average effective yield of 7.64% per annum based on market (1996: 8.58%). Approximately 91% of the mortgages held will mature between one and ten years (1996: 84%).

(d) Bonds are issued or guaranteed by the Government of Canada, bear interest at a fixed rate adjusted for inflation and have terms to maturity of over 20 years.

(e) The structured note ranks equally with all deposit liabilities of a chartered bank, matures in December 1998 and attracts yields equalling 100% of the upside of the TSE 100 Total Return Index.

(f) The Global Structured Equity Pooled Fund is managed with the objective of providing investment returns comparable to the total return of the Morgan Stanley World Index. The pooled fund provides exposure to global markets through the use of structured investments such as foreign equity index swaps and interest rate swaps. All payments and receipts relating to swaps are in Canadian dollars. Participation in the pooled fund qualifies as a Canadian investment under the *Income Tax Act*.

(g) The United States Pooled Equities Fund is managed with the objective of attaining investment returns comparable to Standard & Poor's 500 Index over a four-year period. The portfolio is comprised of common stocks of corporations with high growth potential in the United States. Technology, consumer products, energy and financial services are the sectors emphasized by the pooled equities fund.

Note 3
Investments (Schedules A to D) (continued)

(h) The Private Real Estate Pool is managed with the objective of providing investment returns comparable to the Frank Russell Commercial Property Index over the long term. Real estate is held through intermediate companies which have issued to the pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. As real estate returns are positively correlated to inflation and negatively correlated to returns from fixed income securities and equities, the pool provides diversification from the securities market with opportunities for high returns.

Note 4
Risk Management

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Board has established a policy asset mix of 40% to 50% fixed income instruments and 50% to 60% equities. Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Borrowing or leveraging is not allowed with the exception of pre-existing mortgages on real estate properties. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

Foreign exchange contracts are contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future. As at December 31, 1997, the Plan's proportionate share of outstanding forward foreign exchange contracts issued by the External Managers Fund amounted to $66,608,000 (1996: $68,013,000).

Note 5
Index Swaps and Interest Rate Swaps

Pooled funds use index and interest rate swaps to enhance return. A swap is a contractual agreement between two parties to exchange a series of cash flows based on a notional amount and does not involve the exchange of the underlying principal.

An index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional value. All swaps are supported by underlying securities.

The following is a summary of the Plan's proportionate share of the notional value of index and interest rate swaps held or issued by pooled funds at December 31, 1997:

	1997	1996
	($ thousands)	
Index Swaps		
Bonds (Canadian Dollar Public Debt Pool)	$ 157,457	$ 115,932
Foreign equities (Global Structured Equity Pooled Fund)	144,904	145,780
Canadian equities (Domestic Passive Equity Pooled Fund)	232,717	29,474
Canadian equities (Domestic Structured Equity Pooled Fund)	-	103,568
Interest Rate Swaps		
Fixed to floating rates (Canadian Dollar Public Debt Pool)	64,681	27,286
Fixed to floating rates (Global Structured Equity Pooled Fund)	123,572	78,312
Fixed to floating rates (Domestic Passive Equity Pooled Fund)	127,280	17,600
Fixed to floating rates (Domestic Structured Equity Pooled Fund)	-	10,000
	$ 850,611	**$ 527,952**

Notional value is the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Fair values of swaps have been included in the determination of the fair values of the respective pooled investment funds. Credit exposure relating to swaps is minimal as management deals only with the most credit worthy counterparties.

Note 6
Accounts Receivable

	1997	1996
	($ thousands)	
Accrued investment income	$ 1,273	$ 1,941
Receivable from Province of Alberta	180	127
Contributions Receivable		
Employers	3,876	4,488
Employees	3,887	4,468
Province of Alberta	1,028	1,015
	$ 10,244	**$ 12,039**

Note 7
Change in Actuarial Value of Net Assets Available for Benefits

The method of determining the actuarial value of net assets available for benefits has been changed from that used in 1996 and 1995 on the recommendations of the Plan's actuary. Prior to 1997, annual net unrealized gains and losses were amortized equally over three years. By averaging actual and projected asset values over three years in 1997, the potential volatility on the Plan's funded status is reduced.

The actuarial asset fluctuation reserve for 1996 has been restated to reflect this change in accounting method. The change in method has the effect of reducing the actuarial value of net assets available for benefits and the actuarial surplus by $99 million in 1997 (1996: increasing the actuarial deficiency by $47 million). If the change had not been made, the actuarial surplus of the Plan would have been $270 million as at December 31, 1997 (1996: actuarial deficiency of $95 million).

Note 8
Accrued Benefits

An actuarial valuation of the Plan was carried out as at December 31, 1997 by Buck Consultants Limited. The December 31, 1997 valuation resulted in an actuarial surplus of $171 million as disclosed in the Statement of Net Assets Available for Benefits and Accrued Benefits.

The valuation as at December 31, 1997 was determined using the projected benefit method, based on service. The assumptions used in the valuation were developed as the best estimate of expected short-term and long-term market conditions and other future events. This estimate was, after consultation with the Plan's actuary, adopted by the Public Service Pension Board.

The major assumptions used were:

	December 31	
	1997 Valuation %	1995 Valuation %
Investment return	7.5	7.5
Inflation rate		
Until 2001	1.5 - 3.0	1.75 - 3.5
Thereafter	3.5	3.5
Salary escalation rate		
Until 1999	4	2.25 - 3.75
Thereafter	4	4
Pension cost-of-living increase as a percentage of Alberta Consumer Price Index	60	60

Note 8
Accrued Benefits (continued)

In accordance with the requirements of the *Public Sector Pension Plans Act*, a separate accounting is required of the pension liability with respect to service that was recognized as pensionable as at December 31, 1991. This information is provided in the Statement of Changes in Accrued Benefits which shows the principal components of the changes in the actuarial value of accrued benefits between the last two actuarial valuations.

The following table summarizes the actuarial value of net assets, accrued benefits and the resulting actuarial surplus (deficiency) at December 31, 1997:

	Pre-1992	Post-1991 ($ thousands)	Total
Fair value of net assets	$ 2,285,000	$ 1,055,809	$ 3,340,809
Actuarial asset value adjustment	(138,000)	(53,000)	(191,000)
Actuarial value of net assets	2,147,000	1,002,809	3,149,809
Accrued benefits	2,242,600	736,400	2,979,000
Actuarial surplus (deficiency)	**$ (95,600)**	**$ 266,409**	**$ 170,809**

The Plan's future experience will inevitably differ, perhaps significantly, from these assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

As at December 31, 1997, holding the investment return and salary escalation assumptions constant, a 1% increase in the assumed long-term inflation rate would result in an increase in accrued benefits of approximately $137 million.

As at December 31, 1997, holding the inflation and investment return assumptions constant, a 1% increase in the assumed salary escalation would result in an increase in accrued benefits of approximately $114 million.

As at December 31, 1997, holding the inflation and salary escalation assumptions constant, a 1% increase in the assumed real long-term investment return would result in a decrease in accrued benefits of approximately $452 million.

Note 9
Investment Income

	1997			1996
	Income	Change in Fair Value	Total	Total
	($ thousands)			
Deposits and Fixed Income Securities:				
Deposit in the Consolidated Cash Investment Trust Fund	$ 2,885	$ -	$ 2,885	$ 3,840
Short-term Securities	-	681	681	1,186
Canadian Dollar Public Debt Pool	72,765	23,909	96,674	117,224
Private Debt Pool	2,599	874	3,473	3,756
Private Mortgage Pool	10,520	169	10,689	9,893
Real Rate of Return Bonds	3,236	(670)	2,566	5,785
	92,005	24,963	116,968	141,684
Equities:				
Canadian Pooled Equities Fund	8,422	51,757	60,179	29,032
Domestic Passive Equity Pooled Fund	24,617	32,571	57,188	28,385
Domestic Structured Equity Pooled Fund	-	1,409	1,409	2,114
External Managers Fund (Small Cap)	366	14,906	15,272	5,492
Canadian Public Equities	-	(114)	(114)	130,976
Structured Note	-	11,156	11,156	11,906
External Managers Fund (Global)	6,127	14,836	20,963	29,742
Global Structured Equity Pooled Fund	32,584	483	33,067	15,376
United States Pooled Equities Fund	849	32,317	33,166	18,515
External Managers Fund (United States)	514	22,239	22,753	10,842
Private Real Estate Pool	3,023	10,790	13,813	4,011
	76,502	192,350	268,852	286,391
	$ 168,507	**$ 217,313**	**$ 385,820**	**$ 428,075**

Investment income is comprised of dividends, interest, rental income and other non-capital returns from assets.

Note 10
Administration Expenses

	1997	1996
	($ thousands)	
General administration costs	$ 2,329	$ 2,170
Board costs	36	25
Investment management costs	451	405
Actuarial fees	62	46
Other professional fees	27	18
	$ 2,905	**$ 2,664**

General administration costs and Board costs were paid to Alberta Pensions Administration Corporation on a cost-recovery basis.

Investment management costs were paid to Alberta Treasury on a cost-recovery basis and do not include custodial and external management fees which have been deducted in arriving at investment income.

In 1997, total administration expenses of $2,905,000 amounted to $49 per member (1996: $45 per member). Advances for capital purposes amounted to $1 per member (1996: $4 per member).

Note 11
Budget Information

The accrued benefits are based on the Public Service Pension Board's best estimates of future events after consultation with the Plan's actuary. Differences between actual results and management's expectations are disclosed as experience gains in the Statement of Changes in Accrued Benefits. Accordingly, a budget is not included in these financial statements.

Note 12
Comparative Figures

Comparative figures have been restated to be consistent with the 1997 presentation.

Note 13
Responsibility for Financial Statements

These financial statements were approved by the Public Service Pension Board.

Schedule A:
Schedule of Investments in Canadian Dollar Public Debt Pool

December 31, 1997
($ thousands)

	1997		1996	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 15,578	$ 95,277	$ 4,501	$ 25,982
Fixed Income Securities				
Government of Canada:				
direct and guaranteed	450,217	2,753,641	515,157	2,974,004
Provincial:				
Alberta, direct and guaranteed	42,425	259,481	48,835	281,926
Other, direct and guaranteed	180,354	1,103,095	169,499	978,521
Municipal	14,245	87,124	12,939	74,698
Corporate	429,010	2,623,937	213,470	1,232,365
Total deposit and fixed income securities	1,131,829	6,922,555	964,401	5,567,496
Receivable from sale of investments and accrued investment income	14,292	87,414	12,773	73,740
Liabilities for investment purchases	(2,431)	(14,868)	(3,157)	(18,225)
	11,861	72,546	9,616	55,515
	$1,143,690	**$6,995,101**	**$974,017**	**$5,623,011**

Schedule A:
Schedule of Investments in
Canadian Dollar Public Debt Pool (continued)

(a) The Canadian Dollar Public Debt Pool is managed with the objective of providing competitive returns comparable to the total return of the ScotiaMcLeod Bond Universe Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and debt related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation.

(b) Securities held by the Pool have an average effective yield of 5.53% per annum based on market (1996: 5.48% per annum) and the following term structure as at December 31, 1997 based on par:

	1997	1996
	%	
under 1 year	6	7
1 to 5 years	40	39
5 to 10 years	23	23
10 to 20 years	16	18
over 20 years	15	13
	100	**100**

Schedule B:
Schedule of Investments in Canadian Pooled Equities Fund

December 31, 1997
($ thousands)

	1997		1996	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 18,315	$ 141,051	$ 3,544	$ 29,945
Canadian Public Equities (b):				
Common shares and rights:				
Communications and media	14,237	109,648	13,237	111,841
Conglomerates	21,995	169,396	18,073	152,700
Consumer products	16,908	130,222	23,345	197,241
Financial services	98,005	754,796	74,536	629,754
Gold and precious minerals	17,569	135,308	27,821	235,060
Industrial products	78,692	606,054	58,889	497,557
Merchandising	14,570	112,209	12,687	107,193
Metals and minerals	24,563	189,175	26,686	225,470
Oil and gas	76,285	587,518	49,739	420,248
Paper and forest products	13,655	105,164	12,288	103,825
Pipelines	10,125	77,978	10,576	89,358
Real estate and construction	8,008	61,673	-	-
Transportation and environmental services	20,547	158,248	9,022	76,225
Utilities	39,498	304,198	33,581	283,724
Passive index	1,856	14,291	13,992	118,217
Options and other	148	1,137	510	4,307
	456,661	3,517,015	384,982	3,252,720
Receivable from sale of investments and accrued investment income	2,391	18,413	1,524	12,873
Liabilities for investment purchases	(1,109)	(8,544)	(472)	(3,986)
	1,282	9,869	1,052	8,887
	$ 476,257	**$ 3,667,935**	**$ 389,578**	**$ 3,291,552**

(a) The Canadian Pooled Equities Fund is managed with the objective of providing competitive returns comparable to the total return of the Toronto Stock Exchange 300 index over a four-year period while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in Canadian corporations. Risk is reduced by prudent security selection and sector rotation.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule C:
Schedule of Investments in Domestic Passive Equity Pooled Fund

December 31, 1997
($ thousands)

	1997		1996	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 2,956	$ 3,124	$ 112,058	$ 112,058
Short-term Securities	4,683	4,950	18,878	18,878
Fixed Income Securities				
Corporate	12,563	13,278	-	-
Floating Rate Note Pool	103,657	109,554	-	-
	123,859	130,906	130,936	130,936
Canadian Public Equities (b):				
Common shares and rights:				
Communications and media	10,664	11,271	9,094	9,094
Conglomerates	7,342	7,760	9,023	9,023
Consumer products	10,224	10,806	15,530	15,530
Financial services	37,881	40,036	41,155	41,155
Gold and precious minerals	10,838	11,454	28,814	28,814
Industrial products	37,374	39,500	44,393	44,393
Merchandising	10,155	10,732	9,871	9,871
Metals and minerals	8,231	8,699	18,845	18,845
Oil and gas	29,692	31,381	37,793	37,793
Paper and forest products	6,462	6,829	9,355	9,355
Pipelines	4,782	5,054	5,833	5,833
Real estate and construction	4,342	4,589	2,986	2,986
Transportation and environmental services	6,890	7,282	6,804	6,804
Utilities	18,902	19,977	20,395	20,395
	203,779	215,370	259,891	259,891
Domestic Structured Equity Pooled Fund	115,548	122,121	-	-
Passive index	4,814	5,088	-	-
	324,141	342,579	259,891	259,891
Receivable from sale of investments and accrued investment income	751	794	2,315	2,315
Liabilities for investment purchases	(2,103)	(2,223)	(3,682)	(3,682)
	(1,352)	(1,429)	(1,367)	(1,367)
	$ 446,648	**$ 472,056**	**$ 389,460**	**$ 389,460**

Schedule C:
Schedule of Investments in
Domestic Passive Equity Pooled Fund (continued)

(a) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSE) 300 Index. The portfolio is comprised of publicly traded equities in Canadian corporations similar in weights to the TSE 300 Index. To enhance investment returns with no substantial increase in risks, the pooled fund invests in the Domestic Structured Equity Pooled Fund (DSEP) and the Floating Rate Note Pool (FRNP) which are pooled investment funds established and administered by the Provincial Treasurer. DSEP provides exposure to the Canadian equity markets through the use of structured investments such as index swaps and interest rate swaps. It provides returns comparable to the TSE indices. FRNP is managed with the objective of providing a reinvestment vehicle for participants with structured investments in equities and bonds. Through the use of structured investments such as interest rate swaps, FRNP provides investment opportunities in high quality floating rate instruments with remaining term-to-maturity of ten years or less.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule D:
Schedule of Investments in External Managers Fund

December 31, 1997
($ thousands)

	1997		1996	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Foreign Public Equity Pools				
Multi Region	$ 200,438	$ 1,109,831	$ 174,284	$ 795,229
Pacific Basin	67,654	374,599	106,373	486,806
Europe	55,680	308,298	30,055	175,093
	323,772	1,792,728	310,712	1,457,128
United States	71,332	394,964	64,865	293,417
Canadian Small Cap Pools	82,717	425,762	67,445	307,056
	$ 477,821	**$ 2,613,454**	**$ 443,022**	**$2,057,601**

(a) The fund is managed by external managers with expertise in global equity markets and Canadian Small Cap stocks. The objective of the fund is to provide investment returns higher than the total return of the applicable Morgan Stanley, Standard & Poor and Toronto Stock Exchange indices over a four-year period. The portfolio is comprised of publicly traded equity securities on Canadian and approved foreign markets. Risk is reduced through manager, style and market diversification.

(b) The following is a summary of assets and liabilities of the External Managers Fund as at December 31, 1997:

	1997	1996
	($ thousands)	
Cash and short-term securities	$ 140,359	$ 227,358
Receivables from sale of investments and accrued investment income	27,024	13,658
Investments		
Public equities	2,468,879	1,833,688
Convertible bonds	3,583	9,552
Liability for investment purchases	(26,391)	(26,655)
	$ 2,613,454	**$ 2,057,601**

As at December 31, 1997

Agriculture Financial Services Corporation
Alberta Cancer Board
Alberta Gaming and Liquor Commission
Alberta Opportunity Company
Alberta Pensions Administration Corporation
Alberta Securities Commission
Alberta Special Waste Management Corporation
Alberta Treasury Branches
Alberta Vocational College – Calgary
Alberta Vocational College – Edmonton
Alberta Vocational College – Lac La Biche
Alberta Vocational College – Slave Lake
Aspen Health Services
Athabasca General & Auxiliary Hospital
Athabasca University
Barrhead Health Care Centre
Calgary Health Services
Capital Care Group Inc.
Capital Health Authority Community Care & Public Health
Capital Health (Glenrose Rehabilitation Hospital Site)
Capital Health (Royal Alexandra Hospital Site)
Capital Health – Sturgeon Community Health & Health Care Centre
Caritas Health Group
Chinook Regional Health Centre
Cold Lake Regional Hospital
Crossroads Regional Health Authority
David Thompson Health Region
Drumheller District Health Services
East Central Regional Health Authority
Edmonton Public School Board
Foothills Health Unit
Fort Saskatchewan Health Centre
Fox Creek Hospital
Government of Alberta
High Level – Fort Vermilion Health Unit
Hinton General Hospital
Keeweetinok Lakes Regional Health Authority No. 15
Lakeland Regional Health Authority
Lakeland Regional Health Authority – Public Health Area 1
Lakeland Regional Health Authority – Public Health Area 2
Lakeland Regional Health Authority – Public Health Area 3
Legislative Assembly of Alberta
Mayerthorpe General & Auxiliary Hospital
Mistahia Health Region
Northern Lights Regional Health Authority
Palliser Health Authority
Peace River Health Unit – Peace Health Region
Pembina Hills Regional Division No. 7
Public Health – Lac La Biche
St. Therese Hospital
Special Areas Board
The Alberta Energy and Utilities Board
The Alberta Union of Provincial Employees
The Banff Centre
The University of Calgary
The University of Lethbridge
University of Alberta
University of Alberta Hospitals – Capital Health Authority
Vegreville Long Term Care Centre
Westlock Healthcare Centre
Westview Regional Health Authority
Whitecourt Health Care Centre
Workers' Compensation Board

Terms

Active member
A member who is making contributions or, if not making contributions, is on non-contributory leave for up to three years, on approved disability leave, or at the point of maximum pensionable service (35 years).

Benchmark
A standard against which others are measured. For the purposes of this report, benchmarks are established income indices (listed in percentages) used to measure the health of the Fund's investment returns.

Bond
A promissory note issued by a company or government which bears a fixed maturity date and rate of return.

Deferred member
A member who is no longer employed by a Plan employer, has left contributions in the Plan, and has yet to choose a pension option.

Deficiency
(see Unfunded Liability)

Emerging market
An economy in the earlier stages of development whose markets have sufficient size and liquidity and are receptive to foreign investment. Examples include China, Greece, and Brazil.

Equity
Stocks; the ownership interest in a company.

External manager
A third-party firm contracted to provide investment management services.

Interest rate sensitive equity
Equity whose return is expected to react to changes in interest rates.

Passive equity
Equity bought as Toronto Index Participation Units (TIPS), allowing a fund to buy into the top 35 companies on the Toronto Stock Exchange.

Pensioner
A member, surviving spouse, or beneficiary who is receiving a pension from the Plan.

Policy benchmark
A benchmark return for the Fund which is composed from the long-term asset mix policy and the benchmark indices for each major asset class.

Real rate of return
The real rate of return is the return achieved by an asset after adjustments for inflation.

Real return bond
A fixed-income investment product (a bond) whose return is linked to the real interest rate to generate a specified real rate of return.
Related Terms: The real interest rate is the nominal (set) interest rate minus inflation. The real rate of return is the return achieved by an asset after adjustments for inflation.

Statement of Investment Objectives and Policies
A policy document set by the Board to establish the asset mix of the Fund, the manner by which IMD may invest assets, and the specific holding limits for each type of security.

T-bill
Short-term government security.

Time-weighted return
A period-by-period return that does not consider cash contributions to and withdrawals from the Fund. Time-weighted returns do not reflect the effect cash flow has on the Fund's return.

Total return
Interest income or loss plus price fluctuations.

Unfunded liability
An unfunded liability exists when the actuarial valuation determines the Fund's accrued benefit payments exceed the net assets available for the payment of those benefits.

Indices

Consumer Price Index

Measures the relative prices at various times of a select group of goods and services which typify those bought by urban families. In this report, it is used to reflect the rate of inflation.

Frank Russell Commercial Property Index

Measures the total return attributable to Canadian commercial real estate. Maintained by Frank Russell, the index is compiled and reported every three months.

Morgan Stanley World Index

Measures the total return attributable to the largest capitalized companies on the world's major stock exchanges. Maintained by Morgan Stanley, the index is compiled and reported monthly in local and common currencies.

ScotiaMcLeod Bond Universe Index

Measures the total return attributable to bonds and includes representative bond issues by issuer (Federal, Provincial, Municipal, and Corporate), quality (AAA, AA, A, and BBB), and term (short-, mid-, and long-). Maintained by ScotiaMcLeod.

ScotiaMcLeod 91-day T-Bill Index

Measures the total return attributable to 91-day T-bills. Maintained by ScotiaMcLeod.

Standard & Poor's 500 Index

Measures the total return attributable to the 500 largest capitalized companies on U.S. stock exchanges.

TSE 300 Index

Measures the total return attributable to the 300 largest capitalized companies traded on the Toronto Stock Exchange. Maintained by the Toronto Stock Exchange, the index is compiled and reported on a daily basis. The index's composition is adjusted annually.

Board Members–1998

Employer Nominees

Virendra Gupta, Vice-Chair

Robert J. Campbell

Tim Wiles

Employee Nominees

Len Pederson, Chair

Debbie Horbach

Ian Tarr

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